

This instrument prepared by:
Terry McElheny, Esquire
Dominick, Fletcher, Yeilding,
Wood & Lloyd, P.A.
2121 Highland Avenue
Birmingham, Alabama 35205

**ARTICLES OF INCORPORATION
OF
McCALLA TRACE OWNERS ASSOCIATION, INC.**

The undersigned, for the purpose of forming a corporation pursuant to the provisions of the Alabama Nonprofit Corporation Act (Code of Alabama (1975), Sections 10-3A-1, *et seq.*) hereby adopts the following Articles of Incorporation and certifies as follows:

1. **NAME.** The name of the corporation is “**McCalla Trace Owners Association, Inc.**” (hereinafter referred to as the “Association”).

2. **DURATION.** The period of duration of the Association shall be perpetual.

3. **PURPOSES.** The purposes for which the Association is organized are:

(a) To provide for the efficient preservation of the appearance, value and amenities of the Development which is subject to the McCalla Trace Declaration of Covenants, Conditions and Restrictions (the “Declaration”) recorded on January 16, 2008, in the Probate Office of Jefferson County, Alabama, at Book LR200860, Page 11818. Capitalized terms not otherwise defined herein shall have the same meanings given to them in the Declaration.

(b) To own, operate, maintain, manage, repair and replace Common Areas of the Development.

(c) To the extent provided in the Declaration, to control the specifications, architecture, design, appearance, siting and landscaping of all Improvements to be constructed, place or permitted to remain on any Lot or Dwelling in the Development and all alterations, changes and additions thereto.

(d) To perform and carry out the acts, duties, responsibilities and conditions delegated to the Association in the Declaration, these Articles of Incorporation, the Bylaws of this Association and all amendments thereto.

(e) To own, lease, license, operate, purchase, acquire, hold, improve, develop, manage, sell, convey, transfer, exchange, release and dispose of, either alone or in conjunction with others, real and personal property, tangible and intangible, of every kind, character and description.

(f) To enforce all of the terms and provisions of the Declaration and to make, establish and enforce reasonable rules and regulations governing the administration, operation and management of the Development.

(g) To make, levy, collect and enforce Assessments, as defined in the Declaration, and to use and expend such Assessments in the manner set forth in the Declaration.

(h) To employ personnel and contract for services, material and labor, including contracting for the management of the Common Areas and all other portions of the Development.

(i) To purchase and maintain insurance for such coverages, with such insurance carriers, in such amounts, at such rates and with such deductibles as may be necessary for the protection of the Association, its officers, directors and members or as may be otherwise required in the Declaration.

(j) To enforce any of the provisions of the Declaration by legal and equitable actions as may from time to time be necessary.

(k) To enter into, make and perform contracts of every kind for any lawful purpose without limit as to amount, with any person, firm, association, partnership, limited partnership, corporation, municipality, county, state, territory, government, governmental subdivision, or body politic.

(l) To operate without profit for the sole and exclusive benefit of its members.

(m) To carry on any other business in connection with the foregoing, to transact any or all lawful business for which corporations may be incorporated under the Alabama Nonprofit Corporation Act, as amended, and to have and exercise all powers

necessary or convenient to effect the purpose of the Association in accordance with and subject to the terms and provisions of the Declaration.

THIS ASSOCIATION DOES NOT CONTEMPLATE PECUNIARY GAIN OR PROFIT FOR THE MEMBERS THEREOF AND THE FUNDS OF THE ASSOCIATION, WHETHER RECEIVED BY GIFT OR OTHERWISE, REGARDLESS OF THE SOURCE THEREOF, SHALL BE EXCLUSIVELY USED IN THE PROMOTION OF THE BUSINESS OF THE ASSOCIATION, AS THE BOARD OF DIRECTORS MAY FROM TIME TO TIME DETERMINE.

4. **INITIAL REGISTERED OFFICE AND AGENT.** The location and mailing address of the initial registered office of the Association and the name of its initial registered agent at such address is as follows:

Rouland Management Services, LLC
Attention: Darrell Rouland
2080 Highway 33
Suite C
Pelham, Alabama 35124

5. **NONSTOCK AND NONPROFIT STATUS.** The Association shall have no capital stock, is not organized for profit, and does not contemplate pecuniary gain or profit to the members thereof. No part of the earnings of the Association shall inure to the benefit of any member, individual, officer, or director. The Association does not contemplate the distribution of gains, profits or dividends to the members thereof and is organized solely for nonprofit purposes.

6. **MEMBERS.** The members of the Association shall consist of all Owners. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot. Developer shall be entitled to all voting rights attributable to any Lots owned by Developer. Notwithstanding anything provided herein or in the Bylaws of the Association to the contrary, for so long as Developer owns any Lot in the Development: (a) Developer shall have the sole and exclusive right to (i) elect the Board of Directors of the Association, (ii) appoint the officers of the Association and the members of the ARC, as defined in the Declaration, (iii) remove and replace any members of the Board of Directors of the Association, the officers of the Association and the members of the ARC, (iv) amend these Articles of Incorporation and the Bylaws, (v) amend the Declaration (subject to the limitations set forth in Section 10.2 of the Declaration) and (vi) take all other action on behalf of the Association and vote on all other matters required to be voted on or approved by the members of the Association (except to the extent all members of the Association are entitled to vote on the matters described in item (b) below of this Paragraph 6), and (b) the voting rights

of the members of the Association shall be limited to (i) approving any Special Assessments as provided in Sections 8.4(c) and 8.5 of the Declaration and (ii) voting on amendments to the Declaration as provided in Section 10.3 of the Declaration. As long as Developer is the Owner of any Lot in the Development, the members shall have no further voting rights or privileges in the Association. At such time as Developer no longer owns any Lot within the Development, the members shall be entitled to vote on all of the foregoing matters subject to any restrictions set forth in the Declaration. The voting rights of any member who has violated the Declaration or who is in default in the payment of Assessments (as defined in the Declaration) may be limited and suspended in accordance with the provisions of the Declaration or any rules and regulations adopted by the Association.

7. **DIRECTORS.**

(a) **Number of Directors.** The affairs of the Association shall be managed by a Board of Directors. The number of Directors constituting the initial Board of Directors shall be three (3). Thereafter, the number of Directors shall be fixed in the manner provided in the Bylaws and may thereafter be increased or decreased from time to time by amendment to or in the manner provided in the Bylaws; provided, however, that (i) the number of Directors shall in no event consist of less than three (3) Directors, (ii) no decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director; (iii) as provided in Sections 4.2 and 12.1 of the Declaration, Developer shall have the right to elect all members of the Board of Directors of the Association as long as Developer owns any Lot within the Development and (iv) at such time as Developer no longer owns any Lot within the Development, the members of the Association shall elect a new Board of Directors of the Association, as provided in Section 12.1 of the Declaration. Directors need not be Owners or residents of the State of Alabama. The name and address of each person who is to serve as an initial Director of the Association until their successors are elected and qualified or until such Directors are removed as provided in Paragraph 7(b) of these Articles are as follows:

William L. Thornton, III
3570 Grandview Parkway, Suite 100
Birmingham, Alabama 35243

James M. Thornton
3570 Grandview Parkway, Suite 100
Birmingham, Alabama 35243

Darrell Rouland
Rouland Management Services, LLC
2080 Highway 33
Suite C
Pelham, Alabama 35124

(b) **Removal.** For so long as Developer owns any Lot within the Development, Developer shall have the right at any time and from time to time to remove any Director, either with or without cause, and may appoint a successor to such removed Director or otherwise fill any vacancies on the Board, in each case without any consent or approval of any of the members. At such time as Developer no longer owns any Lot within the Development, the members of the Association shall have the right at any time and from time to time to remove any Director, either with or without cause, and may appoint a successor to such removed Director. Any vacancies which may thereafter arise on the Board shall be filled as provided in the Bylaws.

(c) **Powers.** Except as may be otherwise provided to the contrary in the Declaration, these Articles of Incorporation or the Bylaws of the Association, all powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be managed under the direction of, the Board of Directors.

(d) **Conflicts of Interest.** No contract or other transaction between the Association and one or more of its Directors or any other corporation, firm, association or entity in which one or more of its Directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest. Any Director of the Association or any corporation, firm, association or entity of which any Director of the Association is a director or officer or is financially interested may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction of the Association, provided that such relationship or interest in such contract or transaction shall be disclosed or made known to the Board of Directors at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction and, if such fact shall be disclosed or known, any Director so related or interested may be counted in determining a quorum at such meeting and may vote on such matter or action with the same force and effect as if he were not so related or interested. Any Director of the Association may vote on any contract or other transaction between the Association and any affiliated corporation without regard to the fact that he is also a director of such affiliated corporation. Notwithstanding anything provided to the contrary in these Articles of Incorporation or the Bylaws, Developer or an affiliate of Developer may be employed as the manager of the Association and the Development for so long as Developer owns any Lot within the Development.

8. **INCORPORATOR.** The name and address of the incorporator is as follows:

William L. Thornton, III
3570 Grandview Parkway, Suite 100
Birmingham, Alabama 35243

9. **DISTRIBUTION OF ASSETS UPON DISSOLUTION.**

(a) Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

(i) Real property contributed to the Association without the receipt of other than nominal consideration by Developer shall be returned to Developer, unless it refuses to accept the conveyance (in whole or in part); and

(ii) Unless otherwise agreed to the contrary in the plan of distribution, all remaining assets shall be distributed among the members of the Association, as tenants in common, with each member's share of the assets to be determined in accordance with its voting rights.

(b) Dissolution of the Association shall be accomplished as set forth in the Alabama Nonprofit Corporation Act.

10. **POWER OF PRESIDENT AND VICE PRESIDENTS TO EXECUTE DOCUMENTS.** The President and each Vice President of the Association shall each have authority to execute all instruments, documents and contracts on behalf of the Association.

11. **INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES, MEMBERS, MANAGERS AND AGENTS.**

(a) The Association shall indemnify any person who was or is party or is threatened to be made a party to any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Association), by reason of the fact that he is or was a director, officer, employee, member, manager, or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee, member, manager or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgment, fines and

amounts paid in settlement, actually and reasonably incurred by him in connection with such claim, action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed claim, action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, member, manager or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee, member, manager or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for willful, deliberate or wanton misconduct in the performance of his duty to the Association, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite that adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

(c) To the extent that a director, officer, employee, member, manager or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Paragraphs 11(a) and (b) above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, notwithstanding that he has not been successful on any other claim, issue or matter in any such action, suit or proceeding.

(d) Any indemnification under Paragraphs 11(a) and (b) above (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, member, manager or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Paragraphs 11(a) or (b) above. Such determination shall be made: (1) by

the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to, or who have been wholly successful on the merits or otherwise with respect to, such claim, action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by a majority vote of the members of the Association.

(e) Expenses (including attorneys' fees) incurred in defending a civil or criminal claim, action, suit or proceeding may be paid by the Association in advance of the final disposition of such claim, action, suit or proceeding as authorized in the manner provided in Paragraph 11(d) above upon receipt of an undertaking by or on behalf of the director, officer, employee, member, manager or agent to repay such amount if and to the extent that it shall be ultimately determined that he is not entitled to be indemnified by the Association as authorized in this Paragraph 11.

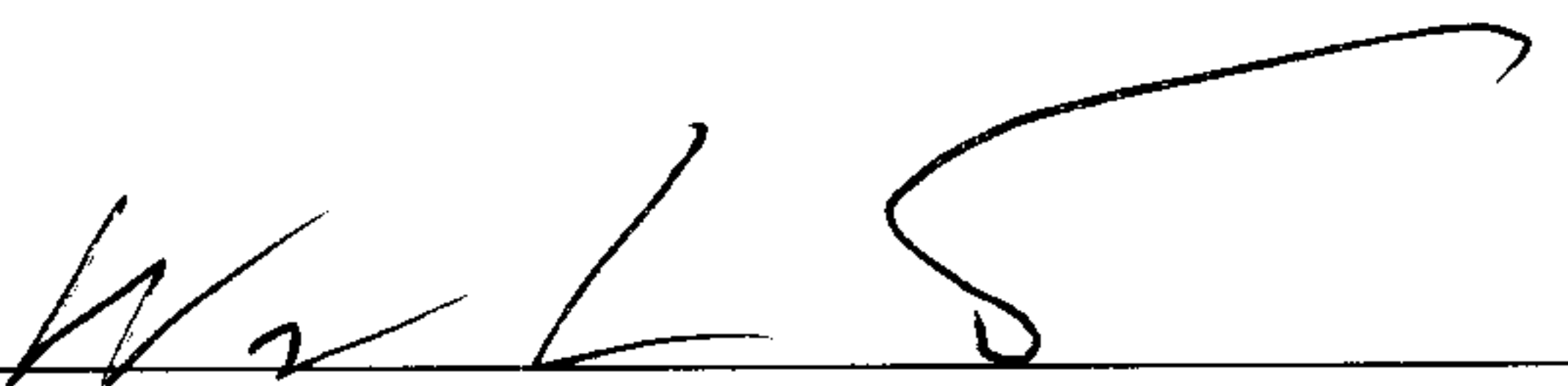
(f) The indemnification authorized by this Paragraph 11 shall not be deemed exclusive of and shall be in addition to any other right to which those indemnified may be entitled under any statute, rule of law, provisions of these Articles of Incorporation, Bylaws, agreement, vote of members or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, member, manager or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, member, manager or agent of the Association, or is or was serving at the request of the Association as a director, officer, partner, employee, member, manager or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Paragraph 11.

12. **AMENDMENT**. Subject to any restrictions set forth in the Declaration, for as long as Developer owns any Lot within the Development, these Articles of Incorporation may be amended at any time and from time to time by Developer or by the vote of the Board of Directors of the Association, without the consent or approval of any of the members of the Association. At such time as Developer no longer owns any Lot within the Development, then these Articles of Incorporation may be amended, subject to the terms and provisions of the Declaration, by the affirmative vote of at least two-thirds (2/3) of the members of the Association.

13. **INCORPORATION BY REFERENCE.** All the terms, provisions, definitions, covenants, and conditions set forth in the Declaration are hereby expressly incorporated herein by reference as fully set forth herein. In the event of any conflict or ambiguity between the terms, provisions, definitions, covenants, and conditions set forth in these Articles of Incorporation and the Declaration, then the provisions of the Declaration shall at all times control.

IN WITNESS WHEREOF, the undersigned Incorporator has hereunto subscribed his name to these Articles of Incorporation as of the 1st day of FEBRUARY, 2008.



William L. Thornton, III

State of Alabama
Shelby County

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Shelby Cnty Judge of Probate, AL
02/01/2008 01:24:28PM FILED/CERT

Certificate of Corporation

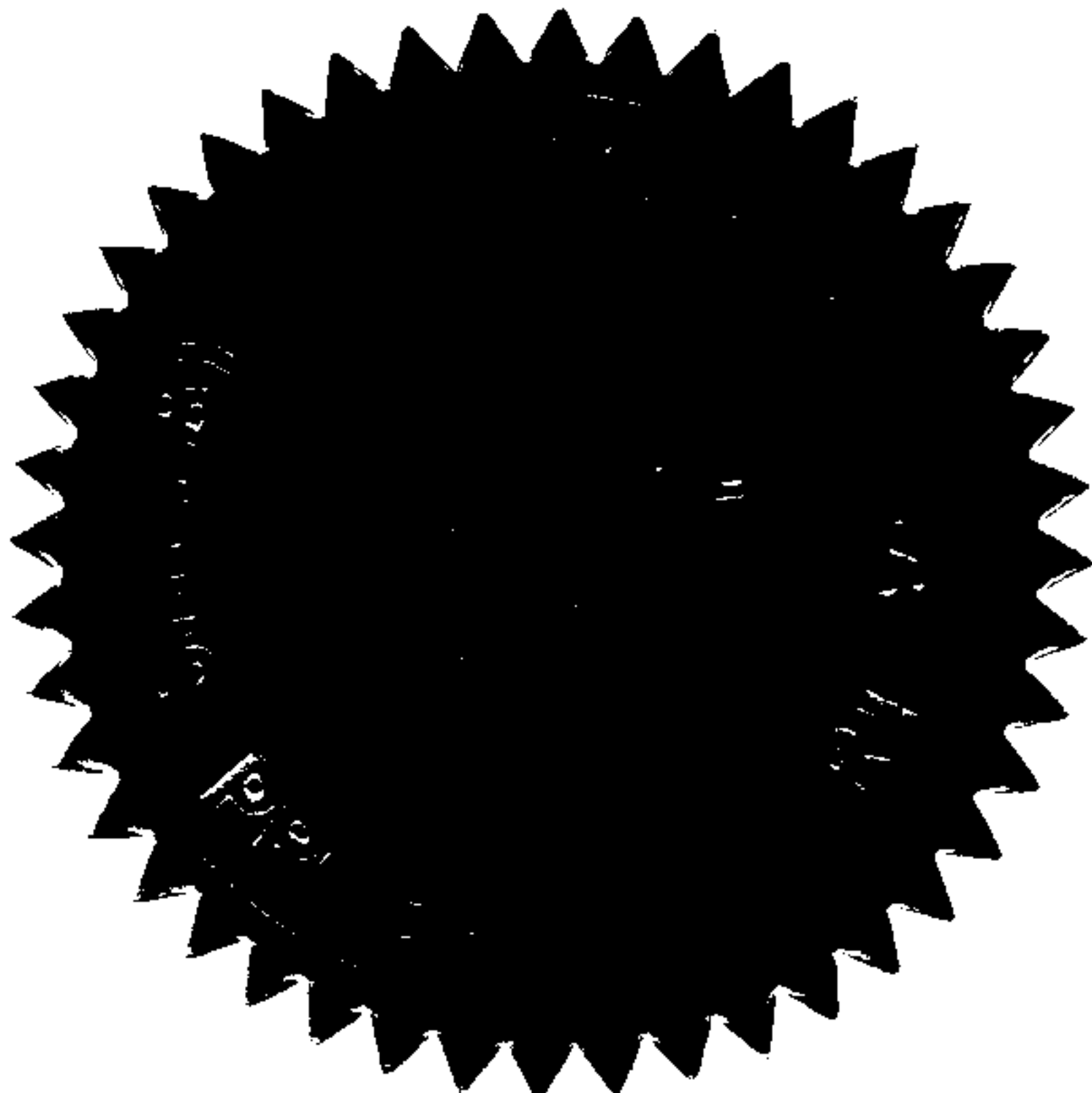
Of

MCCALLA TRACE OWNERS ASSOCIATION, INC.

The undersigned, as Judge of Probate of Shelby County, State of Alabama, hereby certifies that duplicate originals of Articles of Incorporation of **MCCALLA TRACE OWNERS ASSOCIATION, INC.**, duly signed and verified pursuant to the provisions of Section Non Profit of the Alabama Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY, the undersigned, as such Judge of Probate, and by virtue of the authority vested in her by law, hereby issues this Certificate of Incorporation of **MCCALLA TRACE OWNERS ASSOCIATION, INC.**, and attaches hereto a duplicate original of the Articles of Incorporation.

Given under my hand and Official
Seal on this the 1st day of February,
2008



Patricia Yeager Fuhrmeister

Patricia Yeager Fuhrmeister
Judge of Probate